Following notes pertain to the Balance Sheet of Mars Company Limited as at 31st March 2022:

	₹
Authorised capital:	
50,000 12% Preference shares of ₹10 each	5,00,000
5,00,000 Equity shares of ₹ 10 each	50,00,000
	55,00,000
Issued and Subscribed capital:	
50,000 12% Preference shares of ₹ 10 each fully paid	5,00,000
4,00,000 Equity shares of ₹ 10 each, ₹ 8 paid up	32,00,000
Reserves and surplus: 400,000, 100,000	
General Reserve 3.	1,60,000
Capital Redemption Reserve	2,40,000
Securities premium (collected in cash) $oldsymbol{2}$.	2,75,000
Revaluation Reserve X	1,00,000
Profit and Loss Account 4,	16,00,000

On 1st April, 2022, the Company has made final call @ ₹2 each on 4,00,000 equity shares. The call money was received by 25th April, 2022. Thereafter, on 1st May 2022 the company decided to capitalise its reserves by way of bonus at the rate of one share for every four shares held, it decided that there should be minimum reduction in free reserves.

On 1st June 2022, the Company issued Rights shares at the rate of two shares for every five shares held on that date at issue price of ₹12 per share. All the rights shares were accepted by the existing shareholders and the money was duly received by 20th June 2022.

Show necessary journal entries in the books of the company for bonus issue and rights issue.

Right Sh. 500,000 x2 = 200,000

Yen Res

	Journal Company of the Company of th
Aþri	Eq. sh final call Or 800.000 To Eq. sh cap 800.000
Mpr 2s	Bank Dr 800.000
•	Bonk Dr B00.000 To ly Sh final call 800.000
May)	CRR Dr. 240.000 Sec prem Dr. 275000 Yen! Res Dr. 160.000 PSI A/L Dr. 325000 To Bonus to SH. 10.00.000
J	Sec prem Un 275000
	Gen! Res Dr 160.000
	181 A/C EV 320000
	10 300m to SH 10,00,000
Mari	Bonus to SH Dr 10,00,000 To Gy, Sh cap 10,00,000
Mayı	To 60 8h (nh 1000,000
	10 64, 811 615 10,000,000
June 20	Bonk Al D (200.000 x 12) 2400.000
	(200.000 x 10) To eq. 8h (ap 20.00.000
	(200.000 x2) To Sec. Frem Ali 400.000

Following notes pertain to the Balance Sheet of Solid Ltd. as at 31st March, 2022:

	₹
Authorised capital:	
10,000 12% Preference shares of ₹10 each	1,00,000
1,00,000 Equity shares of ₹10 each	10,00,000
+112500	11,00,000
Issued and Subscribed capital:	
8,000 12% Preference shares of ₹10 each fully paid	80,000
2000 90,000 Equity shares of ₹ 10 each, ₹ 8 paid up	7,20,000
Reserves and Surplus :	
General reserve 🖊 🙎 .	1,60,000
Revaluation reserve 🖊 🗶	35,000
Securities premium (collected in cash)	20,000
Profit and Loss Account 🖊 🕽	2,05,000
Secured Loan:	
12% Debentures @ ₹100 each	5,00,000

On 1st April, 2022 the Company has made final call @ ₹2 each on 90,000 equity shares. The call money was received by 20th April, 2022. Thereafter the company decided to capitalise its reserves by way of bonus at the rate of one share for every four shares held. Show necessary entries in the books of the company and prepare the extract of the Balance Sheet immediately after bonus issue assuming that the company has passed necessary resolution at its general body meeting for increasing the authorised capital.

- 4. Gien Res
- S. P&L

CA Foundation - Accounts Journal				
April. leg. 8h. final Call Dr. To Eq. 8h.		0.00 0 180.00	O	
Apr 20 Bank Alc Dr. To Eq Sh. Jin	al coll	80.000 180.0	00	
3. Sec. Prem Alc E Yen. Res PSL Alc Dr	Or 20.			
Jo Bonus to Sh. Afr. 225000 4. Bonus to Sh. Afr. Dr. 225000 To Eq. Sh. cap Afr. 225000 Extract of Bal. Sheet				
I. Eq. & Liab.	NokNo	СУ		
I. Eq. & Liab. 1. Sh. Lunds a. Sh. cap b. Res & Surp.	1 2	1206000 198000		
2. Non-Current Liab a. Long term borr.	3	500,000		

Notes to Ac

•		
1. Sh. cap		•
Auth Oh cab		
Auth Sh. cap 10.000, 121 prof sh cap @1 112500 eq. sh. of \$10	محمدها المحمد	13
10000, Ida pigan op eli	veach 100000	12,28,000
112500 eq. &h: \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	each 11,25.000	14,45,000
Jesued, Sub & Boid up cat 8000, 121. bret Sh. of 112500 eq. sh. of 710 ea Cout of the above, 22500 eq. 8h.		
Jesued, sub & poid up con	71 1 0	
6000, 121, pry 8h. 0	₹10 cach 80.000	10.0
112500 eq. sh! of \$10' ea	ry 1132000	1205000
L Out of the above, 22500 eq 8h	Sh. Were 1984ed	
as Bonus 2h.J		
2 Res. & Surplus		
U		
Gien Res	160.000	
(-) Utilized for Bonus 988ve Rev. Res. Sec. Prem	(160.000)	-
Rev. Rea	35000	
Sec. Prom	30.000	
C-1 Bonus Perve	C20000)	
C-1 Bonus Pesue P&L	205000	
(-) Bonus Peave	C45000) 160.000	195000
		. 10000
3 January Barraine		
124 DEAL EI	On ear	50000
3. Long term Borrowing 121 Deb of \$1	vv cac	300.000

A company has decided to increase its existing share capital by making rights issue to its existing shareholders. The company is offering one new share for every two shares held by the shareholder. The market value of the share is $\stackrel{?}{\sim}$ 240 and the company is offering one share of $\stackrel{?}{\sim}$ 120 each. Calculate the value of a right. What should be the ex-right market price of a share?

Cum-Right Market brice-
$$\frac{2 \rightarrow 1}{2 \times 240}$$

Ex-Right Market brice- $\frac{2 \times 240 + 1 \times 120}{3}$

= $\frac{2 \rightarrow 1}{2 \times 240 + 1 \times 120}$

= ₹40

FV- 300.000

C Limited had (3,000) 12% Redeemable Preference Shares of ₹ 100 each, fully paid up. The company had to redeem these shares at a premium of 10%. +30.000

It was decided by the company to issue the following:

- (i) / 25,000 Equity Shares of ₹10 each at par, ₹-2\$0.000
- (ii) 1,000 14% Debentures of ₹100 each. X

The issue was fully subscribed and all amounts were received in full. The payment was duly made. The company had sufficient profits. Show Journal Entries in the books of the company.

Cap Red Res. 300,000 (250,000) 50000 <u>CRR</u> JOURNAL Bonk Alc Dr To ly Sh cap 200.000 250.000 Bonk ALDr. To 141Deb 100,000 000,000 Shareholder hel sh. E 4 330.000

5. Profit & Loss Dr S0.000 S0.000 So.000 So.000 Profit & Loss Al Dr 30.000 - Profit & Jo.000

X Ltd. gives you the following information as at 31st March, 2023:

	Particulars	?	•
	EQUITY AND LIABILITIES		
1.	Shareholders' funds	225000	
	a Share capital		,90,000
	b Reserves and Surplus - P&L A	65000	48,000
2.	Current liabilities		
	Trade Payables		56,500
	ASSETS		
1.	Property, Plant and Equipment	3	,45,000
2.	Non-current investments		18,500
3.	Current Assets	12000	
	Cash and cash equivalents (bank)		31,000

The share capital of the company consists of $\stackrel{?}{\sim}50$ each equity shares of $\stackrel{?}{\sim}2,25,000$ and $\stackrel{?}{\sim}100$ each Preference shares of $\stackrel{?}{\sim}65,000$ (issued on 1.4.2021). Reserves and Surplus comprises Profit and Loss Account only.

In order to <u>facilitate the redemption of preference shares</u> at a premiu<u>m of 10%,</u> the Company decided:_____

- (a) to sell all the investments for ₹15,000. ✓ Loss 3500
- (b) to finance part of redemption from company funds, subject to, leaving a bank balance of ₹12,000.
- (c) to issue minimum equity share of ₹50 each share to raise the balance of funds required.

You are required to pass the necessary Journal Entries to record the above transactions

CA Foundation - Accounts	Bank Ac					
Jo bal bld	31000	by brelish.	1			
To 9nv.	15000					
To Eq. Sh. (bal lig)	31S00 83000	by bal cld	<u> 2,000</u> <u> 83500</u>			
Min eq. 2h.	31500 . 75 50	O eq.Sh				
F C> F	V of pref. 91	n Redeemed	65000			
Cr	•	CRR	21500			
Journal						
1. Bank Dr	r 15000 3500 To S	mv 18500				
2. Bonk I	eg. Sh cap	31500				

3. Pref Sh cap Dr 65000

Prem on Red Or 6500

To Pref Sh. Apr. 71500 4. Prof Sh. Or 71500 To Bonk 71500 5. P&L Or 27500 To CRR 27500 P&L Or 6500 To Pum on Red. 6500 6.

CA Found	ation - Accounts	Poumal	
1.	Bonk Dr. To G. S	ر ا	
2	21 brel sh wh	n. ap Dr. 1001	000 %≥000
•	8-1 pref Sh cap	Red Or 10 To Del Sh. 1	1000 1000 10000
3.	Ref Sh. Al. D		
l.			000
4,	Gen. Res P&L Dr 9nv all Res	10.000	
			75000
5.	P&L Or To Frem	10.000 on Red. of	PS 10.000
	·	V	

30.000 x 2 , 12000

The books of B Ltd. showed the following balance on 31st December, 2023:

30,000 Equity Shares of ₹10 each fully paid; 18,000 12% Redeemable Preference Shares of ₹10 each fully paid; 4,000 10% Redeemable Preference Shares of ₹10 each, ₹8 paid ★ up (all shares issued on 1st April, 2022).

Undistributed Reserve and Surplus stood as: Profit and Loss Account $\stackrel{?}{_{\sim}}$ 80,000; General Reserve $\stackrel{?}{_{\sim}}$ 1,20,000; Securities Premium Account $\stackrel{?}{_{\sim}}$ 15,000 and Capital Reserve $\stackrel{?}{_{\sim}}$ 21,000. For redemption, 3,000 equity shares of $\stackrel{?}{_{\sim}}$ 10 each are issued at 10% premium. At the same time, Preference shares are redeemed on 1st January, 2024 at a premium of $\stackrel{?}{_{\sim}}$ 2 per share. The whereabouts of the holders of 100 shares of $\stackrel{?}{_{\sim}}$ 10 each fully paid are not known.

A bonus issue of equity share was made at par, two shares being issued for every five held on that date out of the Capital Redemption Reserve Account. However, equity shares, issued for redemption are not eligible for bonus.

Show the necessary Journal Entries to record the transactions. (Ignore date column)

(-) FV of pref. Sh. Redeemed. 180.000

(-) FV of beq. Sh. (3000)

[CRR 150,000]

To eq. Sh. (ab. 30.000)

To Sec. prim Afr. 3000

2. 121 Redeemable pref. Sh. Or. 180.000

Prim on Red. Dr. 36000

To pref. Sh. Afr. 216000 - Cr.

CA Foundation - Accounts Ref. 8h Or 214800 214800 Gen Res Or 120.000 PEL On 30.000/ 4. CRR Or 120,000 To Bonu to eq. Sh. 120,000 Bonus to eq. 8h 120.000
To Eq. 8h 120.000 6. P&L D# 36000 To Pum on Red 360